



FINAL REPORT FOR CASE STUDY

THE IMPORTANCE OF PROJECT MANAGEMENT: A CASE STUDY OF KLIA PREMIER HOLDINGS SENDIRIAN BERHAD

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The Chairman/CEO of KLIA Premier Holdings Sendirian Berhad, Tan Sri Dato' Dr. Ir. Jamilus bin Hussein was discussed with his personal assistance on the schedule for the 2nd week in November 2010 at the office in Bandar Baru Bangi, Selangor. It was at 8.35am in the morning and he made a final checked on the agenda for the company meeting with all the General Managers of the subsidiaries at 10.00am today. He needs to get all the updates on the performances of the subsidiaries in the group of companies. His concern was on the issue of incremental cost for the projects at Low Cost Carrier Terminal that still pending for handover to client Malaysia Airport Berhad. For example, inconsistency in material prices may, if not carefully planned and forecasted, may result in a delay, higher cost or even a failure of a project. Even this morning while in the car going to the office, he had a lot of thoughts on the plan to enhance the company business

for competitiveness in order to continue leveraging on domestic opportunities and to compete in the global market. As he said,

The vision is to be the leading provider and the household name in all the avenues that the group had ventured. This we will achieve by delivering quality and cost effective services to all our clients globally and we will lead the way in using the state of the art technology to achieve the above in an innovative as well as environmental friendly manner. We are an equal opportunity organization and we provide equal opportunities to our employees with maximum professional development and optimum rewards. Our stakeholders will be rest assured of expecting fair returns.

KLIA Premier Holdings Background

KLIA Premier Holdings is primary an investment holding company and the parent company of a group of companies under KLIA flagship. KLIA Premier Holding started as Kuala Lumpur International Airport Berhad (KLIA Berhad) in May 1993 a company incorporated under the Malaysian government's Ministry of Finance.

A combination of clear leadership and strong commitment from the team were the main ingredients to ensure the delivery of the project within its specified constraints. With the airport a success, the government then made the decision to keep the team. For the years since the airport had opened, it has been recognized as one of the best in the world in terms of quality from the facilities available as well as quality of services. The team was called upon to continue to build on its expertise and contribute towards other large scale projects in Malaysia and bid to spread its wings beyond the country.

Hence with the government's blessings, the company privatised their expertise into a new corporate entity known as KLIA Consultancy Services in 1999, specialising in Project Management and Technical Consultancy services. They have spread from being a

company specialising in Project Management and Technical Consultancy Services into several other companies. Each of their subsidiaries specialises in its own core business. As a group, they engage in the following businesses; Project Management and Technical Consultancy, Project Strategic Planning, Education and Training, Construction, Trading and finally, Information Technology.

The companies have gone beyond just 'KLIA' and Malaysia into the Asean region, Middle East as well as other parts of the world. From developing the airport, they had moved into dams, railroads, monorail, bridges, highways and roads, buildings, as well large ICT projects. Collectively its services and expertise include construction, property development, project management, consultancy, training, engineering, design, information communication technology and more.

The Shareholders



YTL Corporation Bhd (Equity share 50%) – www.ytl.com.my

YTL is listed on the Kuala Lumpur Stock Exchange [KLSE] and together with its four listed subsidiaries has a combined market capitalization of approximately RM 19.0Bil. YTL was listed in 1985, has also had a secondary listing on the Tokyo Stock Exchange since 1996. YTL is the first Asian non- Japanese company to be listed on the Tokyo Stock Exchange.

YTL is one of Malaysia's leading integrated infrastructure conglomerates. It owns and manages regulated assets with long term concessions globally. YTL is also involved in

utilities, cement manufacturing, constructions contracting, property development, hotels and resorts and technology incubation business.



Lembaga Tabung Haji (Equity share 40%) - www.tabunghaji.gov.my

LTH was established under the Act of parliament, Act 8 LUTH 1969 as Lembaga Urusan Tabung Haji. It subsequently changed its name to Lembaga Tabung Haji under the Act 535 TABUNG HAJI, 1995. LTH's objective is to render the best services to Malaysian pilgrims throughout the performance of the haji and to give maximum return on their savings (investment).

LTH has diversified and increased its investment activities in plantation industry, commercial sector, real estate and other profitable ventures through equity participation in public listed and non-public listed companies, joint-venture projects and privatization in projects, all strictly in keeping with Islamic percepts. To date, LTH has more than 4.5 million depositors with deposits amounting to more than RM 10.6 Billion as of FYE 2002.



Trisilco Equity Sdn Bhd (Equity share 10%)

Trisilco was incorporated in Malaysia on 10 July 1996 with its principal activity as an investment holding and the provision of consultancy services.

Group Corporate Structure

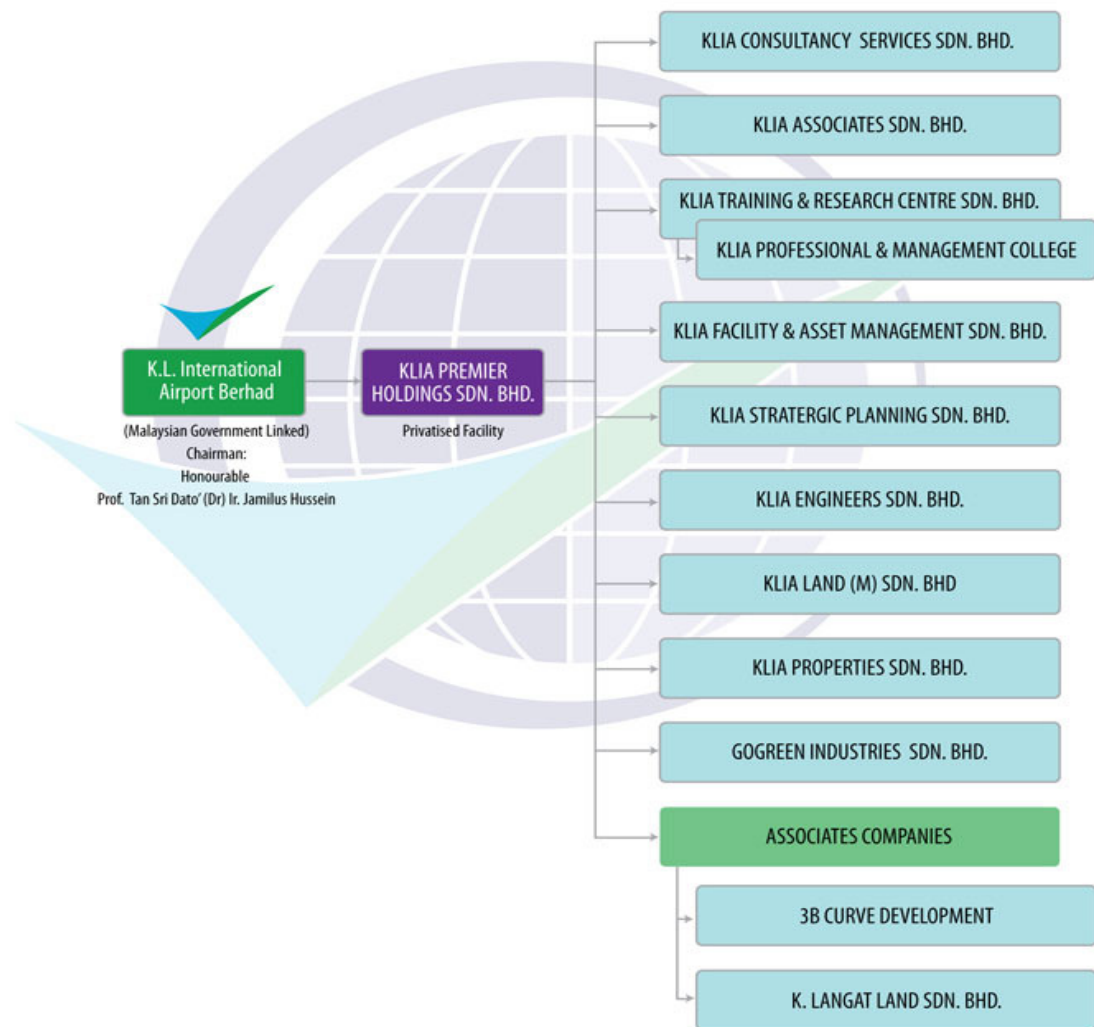


Figure 1: Group Corporate Structure

The Success Project

KLIA Premiers had applied the project management for the planning, organizing, securing, managing, leading, and controlling resources to complete the projects it

handled. Previously, KLIA Premiers success to hand over the completed KLIA Terminals within 52 months of construction and a great success for the nation. Considered an architectural and engineering marvel, the successful opening of the airport on June 28th 1998, provides a grand testimony to the Malaysian ingenuity, capability, expertise and skills, and commitment in managing the project to successful completion. The KLIA project was not just an ordinary project. It was like developing and constructing a new intelligent city from scratch within a short space of time. The project comprises of over 180 different packages of different categories constructed over 7500 acres of land area. The categories include infrastructure works, utilities, power generation, building works, airport-related structures, rail works, sophisticated IT systems, communications and networks and a full-scale landscaping and tree transplantation works. These categories of works can be further broken into various facility classifications. They includes roads, bridges, sewerage and drainage; rail works and stations; power generation, electrical, gas and aviation fuel distribution; airport terminals, amenities and its associated facilities; hotels and commercial centers; free trade and industrial complex; public transportation; sophisticated IT systems and fiber-optic networks; and landscaping works.

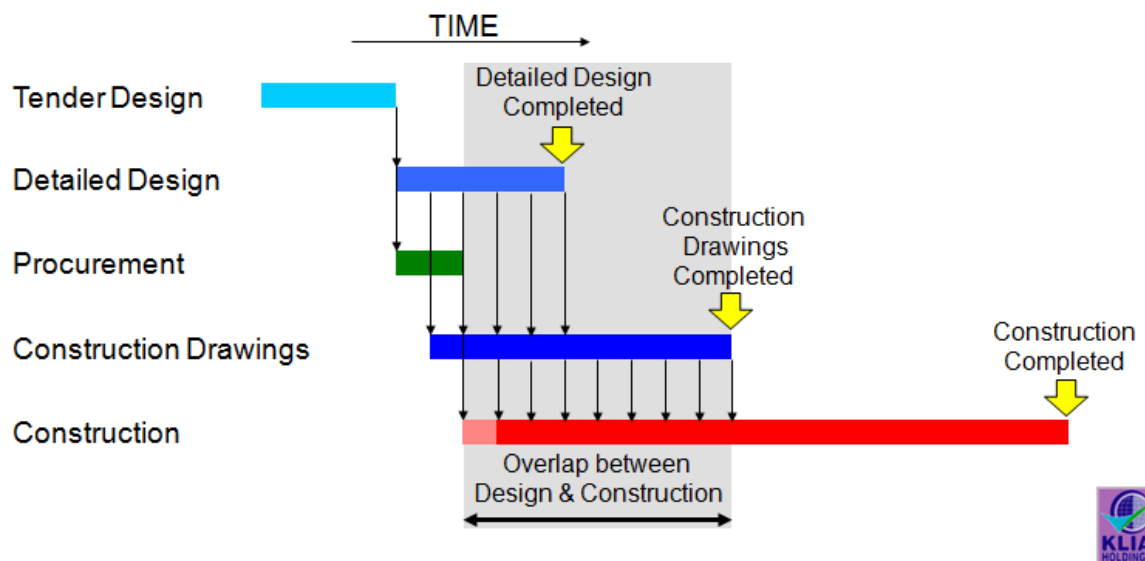


Figure 2: Project Time Frame for KLIA International Airport

The KLIA project had been separated into many packages to ensure the speed of constructions within the period and some packages can be done simultaneously. In monitoring the progress KLIA Premiers proposed the Master Implementation Strategy.

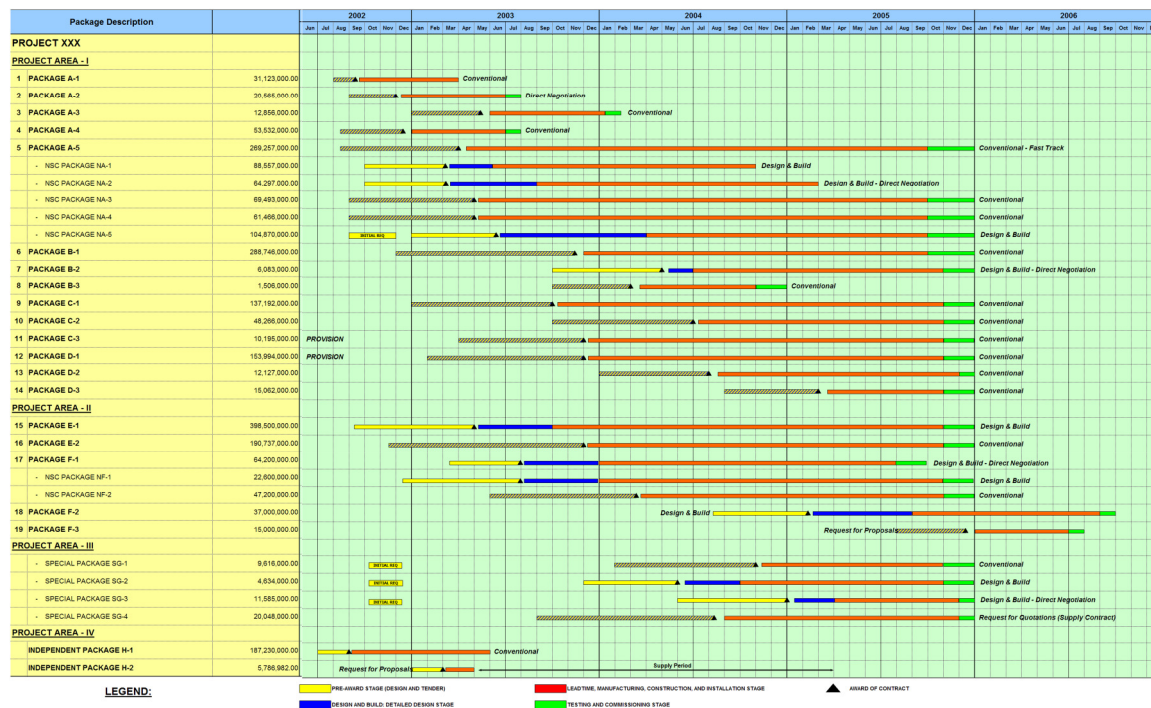


Figure 3: Master Implementation Strategy

The Situation

All projects handled by KLIA Premier will certainly face issues, potential risks, conflicts, and uncertainties caused by hiked in material cost, lack of or indifferent flow of project information, which if not dealt with properly, systematically, and timely will increase the risk of project failure. It is a question of doing the wrong thing right as against doing the right thing wrong. Even doing half right of what is wrong from the outset may save the project from total failure.

It is essentially about ensuring that the projects will succeed in meeting the client's set objectives. The study by the Standish Group, a consulting firm in the United States found that companies in the United States has spent USD250 billion, far in the early 90s to the implementation of information technology project management. However, only 16.2% project is implemented successfully. There are several factors that caused this failure, and organizations need to be careful to avoid and overcome these factors.

The cost of the previous project was hiked in the past and the project itself become too complex and very complicated. When the project is too complex and complicated, there are members of project teams that are not willing to face and withdrew. Failure also occurred due to the same management approach with other projects. Projects take too long to complete can also cause failure in project management. It involved higher cost for delayed project to be completed. Also long period of completion time cause technology has changed and left out especially in the field of information technology.

The Current Project

KLIA Premiers as project management consultant secured another important infrastructure project that provided impetus for the continued growth of economy and particularly for the development of aviation and tourism industries, which is the construction of the new Low Cost Carriage Terminal (LCCT) at Sepang about 20 kilometers from KLIA Main Terminal Building (MTB). Undoubtedly the construction of this new terminal will mark the nation's growth and leadership in aviation, not only in the region but also in the world.

In National Airport Master Plan (NAMP), the government has laid out a strategic development road map to provide for the growth in air travel demand over the next 50 years across the nation. The NAMP's position is that the continuous expansion of existing Low Cost Carrier Terminal is no longer a feasible option. Considering the

exponential traffic growth in the low cost sector, the government has prioritized the immediate development of a mega low cost terminal that would meet the low cost travel needs for at least the next 10 to 15 years. This is a variation from the original KLIA Master Plan as low cost travel and its extraordinary boom in this part of the world was never previously envisioned nor anticipated. The low cost air travel completely alters an airport's services and facilities in terms of specifications and requirements.

The construction of a project such as this new terminal brings the country many benefits. Not only serve as an economic stimulus by providing job opportunities to the people of Malaysia, it will also boost tourism by attracting more airlines and visitors into the country. This facility will greatly enhance vision to increase tourism revenue from the current RM53billion in 2009 to RM 168billion by 2020. With globalization, providing the best air travel services and facilities without a doubt is an important catalyst to promote trade and investments into the country. Malaysians stand to gain from the increased economic activities and job opportunities.

In The Meeting

The meeting held until 11.50am this morning and Tan Sri Dato' Dr. Ir. Jamilus listened to the last presentation from the general manager on the project strategy and the approaches available for the current project of LCCT. His concern was to ensure the project could be completed within the budget and time frame with the exceptional quality of works done. This aims to increase the reputation of KLIA Premiers nationally and globally. Thus, with a plan in his mind, he need to ensure the company utilizing the resources in the optimum possible way, identifies the irrelevant costs, reduces wastage of resources and thus ensures cost-effectiveness in the longer run.

APPENDICES

1. Clements J.P., Gido J., 2009. *Effective Project Management*: South-Western Cengage Learnings, Canada.
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